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TO WHITE HOUSE

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TAGS: OVIP (SHULTZ, DENT AND CASEY)

SUBJECT: PRESS SUMMARY FOR FRIDAY, SEPTEMBER 28

PLEASE PASS TO SECRETARY SHULTZ'S PARTY ABOARD AIRCRAFT

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1. HIGHLIGHTS. PAPERS FRONTPAGE US JURY OPENS INQUIRY ON AGNEW, FOUR GIVE TESTIMONY, HIS ATTORNEYS FAIL TO MOVE TO HALT INVESTIGATION; REPUBLICAN HOUSE MEMBERS TRY AGAIN TO OBTAIN HOUSE HEARINGS ON AGNEW; RESTON REPORTS AGNEW INTENDS TO FIGHT NOT QUIT. PAPERS ALSO FRONTPAGE SENATE APPROVES TRIDENT SPEED-UP BY TWO-VOTE MARGIN. NYTIMES FRONT PAGES MOSCOW RATIFIES TWO UN COVENANTS ON HUMAN RIGHTS; WASHPOST FRONTPAGES NIXON URGES HILL TO REVISE TRADE BILL. WASHPOST ALSO FRONTPAGES KISSINGER'S FIRST DAY AS SECRETARY; PLUS WATERGATE PANEL, DISAPPOINTED BY FIRST DAY OF ITS IN-UNCLASSIFIED

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QUIRY INTO DIRTY CAMPAIGN TRICKS, MAY TRIM HEARINGS. PAPERS FRONTPAGE RUSSIANS ORBIT TWO ASTRONAUTS. NYTIMES FRONTPAGES US SIGNS 22-YEAR CONTRACT FOR IRANIAN GAS.

1A. INSIDE WASHPOST MAIN SECTION HAS ROWEN, PEKING ASKS IMF TO OUST TAIWAN; OTHER POST AND NYTIMES NAIROBI STORIES IN BUSINESS SECTION. PAPERS REPORT POMPIDOU STATEMENT US TROOPS STILL NEEDED. POST REPORTS US NEW ZEALAND SIGN PACT TO ESTABLISH RESEARCH AND SCIENTIFIC COOPERATION; ALSO

NIXON NOMINEE BLAMES GOVERNMENT FOR INFLATION. OTHER INSIDE STORIES INCLUDE: SOVIET INCREASES TAX ON AUTHORS' ROYALTIES; BELGRADE STORY, SOVIET MEDIATES BETWEEN YUGOSLAVIA BULGARIA ON MACEDONIANS, KOSYGIN VISITS SKOPLJE, SOME ARE APPREHENSIVE MACEDONIAN DISPUTE COULD LEAD TO DEMANDS FOR TERRITORY COMPLICATING EFFORTS TOWARD AGREEMENT ON EUROPEAN BORDERS. BRIEF ITEMS REPORT ALGERIA RAISES PRICE OF CRUDE OIL, AND A FRENCH CONSORTIUM HAS WON THE BIGGEST SINGLE CONTRACT EVER AGREED TO BY CHINA WITH SALE OF 300 MILLION DOLLAR PETROCHEMICAL PLANT, ACCORDING DIPLOMATIC SOURCES IN PEKING.

2. KISSINGER. WASHPOST BERGER REPORTS KISSINGER ARRIVED AT STATE YESTERDAY AND MET WITH SENIOR OFFICIALS. IT WAS BELIEVED HIS ARRIVAL MARKED BEGINNING OF END FOR NUMBER OF HIGH STATE OFFICIALS. INFORMED SOURCES SAID FAIRLY EXTENSIVE CHANGES COULD BE EXPECTED AT TOP ECHELONS WITH ANNOUNCEMENTS TO BE MADE WITHIN TWO WEEKS. CHANGES EXPECTED INCLUDE UNDER SECRETARIES AND ASSISTANT SECRETARIES, ALTHOUGH RUSH HAS BEEN ASKED AND HAS AGREED TO STAY ON. KISSINGER SAID HE PLANS BEGIN EACH DAY AT WHITE HOUSE AND ARRIVE AT STATE IN LATE MORNING. AS FIRST OFFICIAL ACT, KISSINGER GAVE LUNCH FOR FULBRIGHT IN IMMEDIATE EFFORT MAKE GOOD ON PLEDGE TO DRAW CONGRESS INTO ADMINISTRATION'S FOREIGN POLICY. MCCLOSKEY, SERVING TEMPORARILY AS SPOKESMAN, ANNOUNCED KISSINGER HAS COMMISSIONED SERIES OF INTERVIEWS WITH CONGRESSMEN TO BE DIRECTED BY DAVID ABSHIRE. BERGER SAYS DRIVE FOR OPENNESS AND SHARING IN FOREIGN POLICY REPRESENTS NEW KISSINGER WITH NO PRECISE INDICATIONS OF HOW FAR IT WILL GO. SPOKESMAN REPORTED KISSINGER IN MEETING WITH SENIOR STAFF MEMBERS AGAIN SPOKE OF HIS UNCLASSIFIED

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DESIRES TO MAKE DEPARTMENT INTO MAJOR INSTITUTION IN FRAMING AND IMPLEMENTATION OF FOREIGN POLICY. HE PLEDGED STRENGTHEN AFFILIATED AGENCIES LIKE ACDA AND USIA AND ASKED BUREAUS TO PREPARE BY OCT 8 PAPERS OUTLINING PROBLEMS ANTICIPATED IN THEIR AREAS OVER THE YEAR. KISSINGER SAID HE WOULD BE LOOKING FOR "EXCELLENCE IN WORK THAT WILL BE COMING UP TO HIM FROM BUREAUS." NYTIMES SPECIAL REPORTS TWO WHITE HOUSE AIDES LAWRENCE EAGLEBURGER AND RICHARD CAMPBELL HAVE MOVED TO SEVENTH FLOOR WITH KISSINGER. THE SECRETARY PLANS BEGIN VISITING EACH BUREAU NEXT WEEK TO FAMILIARIZE HIMSELF.

3. NIXON APPEAL. NYTIMES GWERTZMAN REPORTS NIXON URGED

CONGRESS TO MODIFY ANTI-SOVIET RESTRICTIONS VOTED BY WAYS AND MEANS COMMITTEE AND PERMIT SOVIETS TO ENJOY IMPROVED TRADE TREATMENT IN US WITHOUT LINK TO EMIGRATION OF SOVIET JEWS. WHILE WHITE HOUSE CALLED FOR MORE MODERATE

BILL, SEN JACKSON SAID HE AND SUPPORTERS WOULD PRESS FOR EVEN MORE RESTRICTIVE TRADE MEASURE THAN APPROVED BY HOUSE COMMITTEE. SPEAKING TO REPUBLICAN CONGRESSIONAL LEADERS AT WHITE HOUSE YESTERDAY, NIXON AND KISSINGER SAID GRANTING OF MFN TREATMENT WAS CRUCIAL TO US RELATIONS WITH SOVIETS. SECTION ON MFN TREATMENT PART OF OMNIBUS TRADE REFORM ACT EXPECTED TO COME TO FINAL COMMITTEE VOTE NEXT WEEK AND GO TO HOUSE FLOOR SOON AFTER. SENATE WILL NOT ACT ON BILL BEFORE NEXT YEAR, ACCORDING GWERTZMAN. WASHPOST KILPATRICK ADDED MEANS OF ACHIEVING ADMINISTRATION'S DESIRE FOR COMPROMISE IN LEGISLATIVE PROCESS ENABLING THEM TO GRANT MFN TREATMENT AND AT SAME TIME CLAIM PROGRESS ON HUMAN RIGHTS ISSUE REMAINED MYSTERY, AND MAY DEPEND ON MOSCOW'S REACTION TO OVERWHELMING CONGRESSIONAL SENTIMENT. THERE SEEMED LITTLE CHANCE COMPROMISE COULD BE STRUCK ON HOUSE FLOOR, AS IT APPEARED PROPOSAL BY REP VANIK TO DENY PRESIDENT POWER TO GRANT CREDITS TO SOVIETS, WHICH WAS TURNED DOWN BY WAYS AND MEANS, MIGHT BE APPROVED ON HOUSE VOTE.

4. SOVIET UNION. NYTIMES MOSCOW HEDRICK SMITH REPORTS SOVIET UNION IN APPARENT ATTEMPT TO INFLUENCE VOTING IN UNCLASSIFIED

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US CONGRESS ON SOVIET-US TRADE HAS ANNOUNCED RATIFICATION OF TWO INTERNATIONAL COVENANTS ON HUMAN RIGHTS ADOPTED BY UNGA IN 1966. ONE DOCUMENT, THE INTERNATIONAL COVENANT ON CIVIL AND POLITICAL RIGHTS AFFIRMS THAT "EVERYONE SHALL BE FREE TO LEAVE ANY COUNTRY, INCLUDING HIS OWN." IT WAS UNCLEAR WHETHER SOVIET DECISION TO RATIFY COVENANTS WOULD SATISFY CONGRESS OR WHETHER SPONSORS OF RESTRICTING AMENDMENTS WOULD INSIST ON CHECKING SOVIET PERFORMANCE. WASHPOST MOSCOW KAISER ADDS THAT IF LITERALLY INTERPRETED BY WESTERN DEFINITIONS, COVENANTS WOULD REQUIRE RADICAL TRANSFORMATION OF SOVIET SOCIETY. BUT FIRST SOVIET PRESS COMMENT ON PACTS SUGGESTS SOVIETS WILL INTERPRET THEM BY THEIR OWN DEFINITIONS CONSISTENT WITH EXISTING PRACTICES.

4A. NYTIMES MOSCOW SHABAD REPORTS SOVIET UNION DISCLOSED NEW SYSTEM OF HIGH TAX RATES (AS MUCH AS 75 PERCENT) ON AUTHORS' INCOME FROM FOREIGN ROYALTIES, SUGGESTING GOVERNMENT'S NEED FOR FOREIGN EXCHANGE HAS BEEN MAJOR CONSIDERATION FOR ITS JOINING UNIVERSAL COPYRIGHT CONVENTION. SINCE SOVIET UNION UNDER 1952 GENEVA CONVENTION TREATS FOREIGN AUTHORS AS IT DOES SOVIET AUTHORS, SOVIET TAX RATES MAY APPLY TO AMERICANS AND OTHER FOREIGN AUTHORS

WHO DERIVE ROYALTIES FROM WORKS PUBLISHED IN SOVIET UNION.

5. NAIROBI STORIES. WASHPOST ROWEN REPORTS PEKING'S DEMAND THAT IMF AND WORLD BANK EXPEL TAIWAN, BUT FUND AND BANK MANagements PUSHED THE MATTER UNDER THE RUG DESPITE PLEAS OF ALGERIA AND GUINEA IN DAY-LONG SESSION. MANagements TOLD PEKING MATTER WOULD BE TAKEN UP BY EXECUTIVE BOARD OF EACH AGENCY IN WASHINGTON NEXT MONTH. NYTIMES DALE NOTES THAT IF PEOPLE'S REPUBLIC HAS APPLIED FOR MEMBERSHIP IN BANK AND FUND THIS WOULD CONSTITUTE A MAJOR STEP IN INTERNATIONAL MONETARY AND AID COOPERATION BECAUSE COMMUNIST PARTICIPATION HAS BEEN VERY LIMITED, WITH YUGOSLAVIA AND RUMANIA ONLY PRESENT COMMUNIST MEMBERS.

5A. WASHPOST HEADS ROWEN PIECE IN BUSINESS SECTION,
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SHULTZ, SCHMIDT URGE POLITICAL CONTROL OVER IMF, ROWEN SAYING THE TWO FINMINS JOINED IN DEMANDING A TOTAL RESTRUCTURING OF IMF THAT WILL PUT TOP POLITICAL LEADERS OF MAJOR COUNTRIES IN CONTROL, THUS CONCURRING WITH D'ESTAING AND SOME OTHERS. ROWEN REPORTS THAT, INSTEAD OF MANAGEMENT BY INTERNATIONAL CIVIL SERVANTS, SHULTZ SAID THE REFORMED MONETARY SYSTEM WILL REQUIRE FOR AT LEAST COUPLE YEARS THE FAIRLY CONSTANT ATTENTION OF THE TREASURY SECRETARY AND HIS COUNTERPARTS IN OTHER NATIONS, AND IN US VIEW THIS IS CLOSELY TIED WITH THE NEED FOR FIRM NEW RULES SO CONGRESS CAN BE ASSURED ANY TOUGH US DECISIONS ARE PART OF A FIRM CODE OF CONDUCT AND APPROVED AT A TOP POLITICAL LEVEL. ROWEN ADDS THAT SHULTZ, WHO IS LEAVING FOR MOSCOW FRIDAY, TOLD REPORTERS NAIROBI MEETING WASN'T THE KIND WHERE WE COULD MAKE A LOT OF PROGRESS; THERE WAS TOO MUCH ELSE GOING ON. ROWEN REPORTS MORSE'S ANNOUNCEMENT OF FOUR TECHNICAL COMMITTEES TO REPORT IN JANUARY. POST ALSO REPORTS FROM DOW JONES THAT AN IDA REFINANCING PACT HAS BEEN AGREED TO, ALSO HERBERT STEIN SAID DROP IN US INTEREST RATES IS OCCURRING SOMEWHAT AHEAD OF ADMINISTRATION'S PREDICTED TIMETABLE.

5B. NYTIMES BUSINESS SECTION HEADS NAIROBI SPECIAL, SHULTZ HITS ANY SDR TIE TO POOR-LAND AID, STORY REPORTING SHULTZ CONFRONTED THE WHOLE BLOC OF LDCS HEAD-ON TODAY BY SAYING THAT WHAT THEY MOST WANTED OUT OF WORLD MONETARY REFORM WAS A PRINTING PRESS. STORY SAYS AT NEWS CONFERENCE SHULTZ FIRMLY OPPOSED ANY LINK BETWEEN DISTRIBUTION OF SDRS AND THE DEVELOPMENT OF POOR COUNTRIES, DESPITE FACT THAT ALMOST WITHOUT EXCEPTION SPEECHES BY LDCS HAVE INSISTED UPON THE LINK AS A KEY ELEMENT OF REFORM AND INDIA HAS THREATENED TO BLOCK ENTIRE REFORM MOVEMENT BY MOBILIZING THE VOTES OF THE POOR COUNTRIES AGAINST IT UNLESS LINK IS INCLUDED. SPECIAL REPORTS SHULTZ'S CONCERN

IS TWOFOLD: LDCS WOULD CLAMOR FOR CREATION OF MORE SDRS THAN WORLD'S LIQUIDITY REALLY REQUIRED; RICH COUNTRIES INCLUDING US WOULD BE TEMPTED TO USE THIS PAINLESS DEVICE FOR GRANTING AID RATHER THAN VOTING TAXPAYER'S FUNDS. IN BOTH CASES RESULTS WOULD BE INFLATIONARY.

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5C. NYTIMES EDITORIALIZES ON MONETARY DEADLOCK, SAYING POLITICAL LEADERS SHOULD TAKE SERIOUSLY THE JULY 31, 1974 DEADLINE AND CLEAR THE WAY FOR A RESOLUTION OF THE KEY ISSUES, TIMES HOLDING US CAN GIVE MORE ON CONVERTIBILITY IF IT GETS THE FLEXIBLE ADJUSTMENT PROCESS IT SEEKS; AND EUROPEANS SHOULD HAVE LEARNED FROM COLLAPSE OF BRETTON WOODS THAT EXCHANGE-RATE FLEXIBILITY IS NOT JUST A US OBJECTIVE BUT A NECESSITY FOR HEALTHY AND STABLE SYSTEM.

6. NOMINEE. WASHPOST LOCAL REPORTS THAT WILLIAM J. FELLNER, MR. NIXON'S MOST RECENT CHOICE AS MEMBER OF COUNCIL OF ECONOMIC ADVISERS, SAID IN BOOK PUBLISHED YESTERDAY BY AMERICAN ENTERPRISE INSTITUTE FOR PUBLIC POLICY RESEARCH, A NEW LOOK AT INFLATION--ECONOMIC POLICY IN THE EARLY 1970'S, THAT THE WHITE HOUSE AND FEDERAL RESERVE BOARD OVERSTIMULATED THE ECONOMY LAST YEAR, A MISTAKE THAT HELPED PRODUCE THE PRESENT HIGH RATE OF INFLATION, ADDING THAT UNDER PRESSURE FROM THEIR ELECTORAL OPPONENTS GOVERNMENT POLICY-MAKERS PUMPED UP THE ECONOMY TOO FAST AND ONLY BELATEDLY DID THEY SHIFT TO RESTRAINT. WASHPOST MILIUS SAYS FELLNER MADE CLEAR AT PRESS CONFERENCE THAT HE HAS NO QUARREL WITH PRESENT GOVERNMENT POLICIES OF A TIGHT BUDGET AND TIGHT MONEY AND PHASING OUT CONTROLS AS SOON AS POSSIBLE, BUT HE DOES QUARREL WITH THE PAST.

7. IRAN. NYTIMES GENE SMITH LOCAL STORY REPORTS LONG-TERM CONTRACT WAS SIGNED YESTERDAY IN TEHERAN FOR THE IMPORTATION OF LARGE QUANTITIES OF IRANIAN NATURAL GAS PRODUCTS TO HELP ALLEVIATE GROWING FUEL SHORTAGES ON EAST COAST, ADDING SPOKESMEN FOR TRANSCO COMPANIES, INC. SAID IN NEW YORK THAT GAS PRODUCTS NOW BURNED OFF AT THE TOP OF THE WELL IN IRAN WOULD BE SHIPPED TO EAST COAST FOR 22-YEAR PERIOD AT COST OF TWO BILLIONS. ACTUAL SIGNING INVOLVED TRANSCO ENERGY COMPANY AND NATIONAL IRANIAN GAS COMPANY, A SUBSIDIARY OF NATIONAL IRANIAN OIL COMPANY. CONSTRUCTION IN IRAN ISSCHEDULED TO BEGIN THIS YEAR, WITH PRODUCTION START IN 1976 AND FULL PRODUCTION TWO YEARS LATER. KISSINGER

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